

Appendix 1: Consultation responses and final guidance changes

Guidance on the contract completion date

Proposed guidance which the SSRO consulted on	Summary of stakeholder response	SSRO response	Final guidance
<p>General comment which does not relate to a specific part of the proposed guidance.</p>	<p>An industry respondent explained that they did not understand why this new guidance was being included at the proposed location.</p>	<p>The SSRO considers the guidance on contract completion date to be a general reporting issue affecting all contract reports and therefore we have chosen to place it in Chapter 3 which provides an overview relevant to all reports. It will follow the guidance which relates to the date a contract is entered into.</p>	<p>Not applicable.</p>
<p>General comment which does not relate to a specific part of the proposed guidance.</p>	<p>An industry respondent thought the SSRO guidance rigidly interpreted regulation 4 relating to contract completion date and should consider delays to contract delivery that would impact statutory reporting. The respondent thought the regulation could be more explicit about delay and account for actual project performance and delivery. It suggested that regulation 4(1) should have a sub-paragraph added to allow the reporting of a forecast completion date which is in addition to the one reported under Regulation 4(1)(a). These two dates could then be reported by the contractor.</p>	<p>It is not within the SSRO's power to change the legislation, although we can recommend changes to the Secretary of State and may give further consideration in due course to the respondent's suggested changes. In terms of the proposed guidance, we are constrained by the current terms of the legislation, which we consider the guidance fairly reflects.</p>	<p>Not applicable.</p>

Reporting guidance update: Summary of changes and response to consultation

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<p>General comment which does not relate to a specific part of the proposed guidance.</p>	<p>The MOD said that the SSRO guidance on the subject correctly reflected Regulation 4. However, the MOD believes that there are some inconsistencies in the legislation which require a contractor to provide forecasts of contract outturn, including the forecast date of completion of subcontracts. The MOD has recognised that the revised guidance did not attempt to address this issue as to do so would require legislative change.</p>	<p>We have taken note of the MOD's observation that the legislation may contain inconsistencies with when and how the contract completion date is reported. We agree with the submission that this is not a matter that can be addressed by the SSRO in guidance.</p>	<p>Not applicable.</p>
<p>Paragraph 1.1 Contractors are required to report the contract completion date of each qualifying contract and of associated sub-contracts. The circumstances in which contract completion dates are required to be reported are set out in Table 1.</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Paragraph 3.33 As proposed in column 1.</p>
<p>Table 1 - Contract completion date in contract reports 22(2)(i) (all reports) Each contract report must contain the contract completion date (or, if that date is not known, the expected contract completion date). 25(2)(l)(vii) (CNR) The contractor must report the contract completion date (or, if</p>	<p>An industry respondent suggested that the contractor should know the actual completion dates of sub-contracts at the time the CCR is being prepared. The respondent also questioned how, if the contractor did not have a defined completion date, it could agree on the exact cost base.</p>	<p>The contractor is required to report the expected contract completion date of sub-contracts if the actual date is not known. We consider there may be circumstances in which the contractor only knows the expected contract completion date of a sub-contract, for example if the sub-contract supports more than one QDC, the completion date is not specified in the</p>	<p>As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

Proposed guidance which the SSRO consulted on	Summary of stakeholder response	SSRO response	Final guidance
<p>that is not known, the expected contract completion date) of sub-contracts valued at £1 million or more.</p> <p>26(6)(k)(vii) (QCR)</p> <p>The contractor must report the contract completion date (or, if that is not known, the expected contract completion date) of sub-contracts valued at £1 million or more.</p> <p>27(5)(e)(vii) (ICR contract value <£50 million)</p> <p>The contractor must report the contract completion date (or, if that is not known, the expected contract completion date) of sub-contracts valued at £1 million or more.</p> <p>28 (2)(p)(vii) (CCR)</p> <p>The contractor must report the contract completion date (or, if that is not known, the expected contract completion date) of sub-contracts valued at £1 million or more.</p>		<p>contract, and the contract will continue beyond the contract completion date for the QDC in question.</p>	

Reporting guidance update: Summary of changes and response to consultation

Proposed guidance which the SSRO consulted on	Summary of stakeholder response	SSRO response	Final guidance
<p>Paragraph 1.2 Regulation 4(1) provides that the “contract completion date”, in relation to a contract, means:</p> <ul style="list-style-type: none"> a. the date described in the contract as the contract completion date; or b. if no such date is described in the contract, the date on which the contractor completes all obligations which entitle it to final payment under the contract; or c. if the contract is terminated before the date described in subparagraph 1(a) or (b) (as the case may be), the date on which the contract is terminated. 	<p>No responses made.</p>	<p>N/A</p>	<p>Paragraph 3.34 As proposed in column 1.</p>
<p>Paragraph 1.3 Determination of the contract completion date is, firstly, by application of regulation 4(1)(a). The contractor will need to determine whether the contract completion date has been described in the contract. If not, then regulation 4(1)(b) applies and the contractor will need to determine the contract completion date by reference to when all obligations, which entitle it to final payment from the contracting authority, are complete. If the contract is terminated, then</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Paragraph 3.35 As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

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<p>regulation 4(1)(c) will apply to determine the contract completion date. The first two approaches in regulations 4(1)(a) or (b) are mutually exclusive, so if one of them applies, the other will not.</p>			
<p>Paragraph 1.4 If the contract contains a date which is described as the contract completion date, then that date is the contract completion date. The following examples show how a contract completion date of 31 December 2026 may be sufficiently described in a contract to satisfy the definition:</p> <ul style="list-style-type: none"> • The contract completion date is 31 December 2026; or • Completion of the contract shall be 31 December 2026; or • The parties agree that the date for completion of the contract is 31/12/2016. 	<p>No responses made.</p>	<p>N/A</p>	<p>Paragraph 3.36 As proposed in column 1.</p>
<p>Paragraph 1.5 The key requirement for describing the contract completion date in the contract in a way that satisfies regulation 4(1)(a) is that the description used clearly and unambiguously indicates both the date and that it is the contract completion date. A reference</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Paragraph 3.37 As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

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merely to the date on which the main contract deliverable is to be provided may be insufficient.			
<p>Paragraph 1.6</p> <p>If a contract completion date is described in the contract, there will be no need to apply regulation 4(1)(b) (the date on which all obligations are completed entitling the contractor to final payment). The parties to the contract may change the contract completion date by amending the contract. Paragraphs 1.18 – 1.21 identify how the contractor should deal with reporting a new contract completion date.</p>	No responses made.	N/A	<p>Paragraph 3.38</p> <p>As proposed in column 1.</p>
<p>Paragraph 1.7</p> <p>Where the contract does not describe the contract completion date in line with regulation 4(1)(a), and assuming the contract has not been terminated, the contract completion date is determined by regulation 4(1)(b). The contract completion date will be the date that all obligations which entitle the contractor to final payment have been completed.</p>	No responses made.	N/A	<p>Paragraph 3.39</p> <p>As proposed in column 1.</p>
<p>Paragraph 1.8</p> <p>If a contractor submits a contract report prior to the contract completion date, it will have to</p>	No responses made.	N/A	<p>Paragraph 3.40</p> <p>As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

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<p>anticipate or predict the date on which it will complete the obligations that entitle it to final payment. The contractor should exercise its best judgment in making this prediction, considering all relevant circumstances, such as:</p> <ul style="list-style-type: none"> • the terms of the contract; • performance to date; • information provided by the MOD; and • any material events and circumstances. 			
<p>Paragraph 1.9 The contractor’s expectation of when it will complete all obligations entitling it to final payment under the contract may change as the contract progresses. There are many reasons why this may be the case, including changed requirements, unexpected circumstances and poor performance. Paragraphs 1.18 – 1.21 identify how the contractor should deal with reporting a new contract completion date.</p>	<p>An industry respondent suggested that the inclusion of ‘poor performance’ could be read to be one-sided and recommended that ‘of either Party’ could be included following the word performance.</p>	<p>The SSRO did not expressly refer to poor performance by the contractor and did not intend to convey the implication that delay was likely to be due to the contractor’s poor performance. We think that the current drafting is probably sufficiently clear but we have amended the proposed guidance to refer to “performance issues”, which we consider should remove any unintended implication.</p>	<p>Paragraph 3.41 The contractor’s expectation of when it will complete all obligations entitling it to final payment under the contract may change as the contract progresses. There are many reasons why this may be the case, including changed requirements, unexpected circumstances and performance issues. Paragraphs 3.50 – 3.53 identify how the contractor should deal with reporting a new contract completion date.</p>

Proposed guidance which the SSRO consulted on	Summary of stakeholder response	SSRO response	Final guidance
<p>Paragraph 1.10 There are payments that should not be considered when determining the contract completion date under regulation 4(1)(b). First, regulation 4(2) provides that the following payments are not final payments:</p> <ul style="list-style-type: none"> • any payment relating to the effect of specified indices or rates (regulation 10(5) or (10)); • any TCIF adjustment; • any payment under regulation 16 (final price adjustment); and • any amount which is determined by the SSRO to be payable. <p>Paragraph 1.11 Secondly, a contract may contain accrued obligations which continue beyond when obligations which attract final payment have completed. Foreseeably, these will include:</p> <ul style="list-style-type: none"> • an obligation to keep relevant records (regulation 20); • an obligation to co-operate with the contracting authority in respect of 	<p>An industry respondent suggested that whilst they agreed that 'contract completion date' should not consider ongoing obligations (paragraph 1.12), such ongoing obligations do drive cost which will be incurred but not reported on under the CCR or CCS and asked if this was reasonable. The respondent also suggested that this could impact paragraph 1.10, where any work relating to SSRO and final price adjustments would incur costs but not be reported on. The respondent also said it was interested in how this cost would be recovered as it would be beyond the end of the contract.</p>	<p>The proposed guidance accurately reflects the Regulations and we did not understand the respondent to disagree with this. To the extent that the respondent challenged the reasonableness of the definition in regulation 4(1)(b), this falls outside of the scope of our preparation of guidance on contract completion dates. It is a matter we could consider further in due course, although it is worth noting that the contractor will have agreed both the contract price and any obligations that survive the contract at the time of entering into the contract. It may be helpful to receive specific examples to inform our understanding of the specific issue.</p>	<p>Paragraph 3.42, 3.43, 3.44 As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

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<p>requests under the Freedom of Information Act 2000; and</p> <ul style="list-style-type: none"> • an obligation in respect to the payment of damages under a warranty. <p>Paragraph 1.12</p> <p>Unless obligations attract a payment under the contract from the contracting authority, they should not be considered when determining the contract completion date under regulation 4(1)(b).</p>			
<p>Termination of a contract</p> <p>Paragraph 1.13</p> <p>A contract may be terminated in advance of the expected contract completion date. If that occurs, then regulation 4(1)(c) provides that the contract completion date will be the date on which the contract is terminated.</p> <p>Paragraph 1.14</p> <p>Determining the date of termination of a contract will depend upon the mechanism by which the contract is terminated and how it is exercised. For example, if a contract is terminated by exercising a contractual right to do so on giving 30 days' notice, the date on which</p>	<p>An industry respondent asked whether, in the event that a contract is terminated for convenience and there is to be an equitable adjustment or allowance for termination costs to be claimed, those costs are to be included within the contract costs statement (CCS).</p> <p>The industry respondent also asked whether, in the same situation, the costs of any follow-up work placed and carried out following termination (for example, in relation to open orders) should be reported in the CCS.</p>	<p>We consider the guidance is correct and that the feedback does not require a change to what we have provided.</p> <p>The guidance helps contractors identify the contract completion date when there has been a termination, and this includes a termination for convenience, which would usually occur when one party unilaterally terminates the contract early pursuant to its terms, with or without cause. The contract completion date in that instance would likely be determined by regulation 4(1)(c).</p> <p>The CCS, which is due 12 months after the contract completion date, requires the contractor to report</p>	<p>Paragraph 3.45, 3.46, 3.47, 3.48</p> <p>As proposed in column 1.</p>

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<p>the contract is terminated may be stated in the notice of termination. Issues may arise in determining whether a contract has been terminated and, if so, the date on which termination takes effect, for example:</p> <ul style="list-style-type: none"> • whether notice has been given in the required manner and form, if any; • correct identification of the date on which notice takes effect; and • correct determination of when any notice period expires. <p>Paragraph 1.15 The contract may specify circumstances which give rise to termination and the requirements for doing so. There may also be relevant provision in statute and common law. The contractor should consider taking legal advice to ensure the contract completion date is correctly identified for the purposes of reporting.</p> <p>Paragraph 1.16 A contract completion date is likely to be determined under regulation 4(1)(c) (termination of the contract) after a contract</p>		<p>an annual profile of the actual allowable costs (regulation 29(2)(c)). To be an allowable cost, an equitable adjustment or termination cost must satisfy the test of being appropriate, attributable to the contract and reasonable in the circumstances (AAR). The SSRO's allowable costs guidance assists with applying these principles (section 3).</p> <p>In circumstances where a contract has terminated, we would not expect any further work to be placed or undertaken pursuant to it. The parties should instead enter into a new contract for any additional work.</p>	

Reporting guidance update: Summary of changes and response to consultation

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<p>completion date has already been reported in earlier contract reports. Paragraphs 1.18 – 1.21 identify how the contractor should deal with reporting a new contract completion date.</p>			
<p>Paragraph 1.17 The contract completion date is determined on a contract-by-contract basis, and not by reference to other contracts which may be linked or subject to it. For example, a QDC may contain a date which is described as the contract completion date. This would be the contract completion date of the QDC in accordance with regulation 4(1)(a). A QSC, which is let under that QDC, may have a contract completion date which is determined under regulation 4(1)(b). In that situation the contract completion date of the QSC may fall before, on, or even after the contract completion date of the QDC. A similar situation could arise in respect of a QDC which is a framework agreement. Contracts let under a framework agreement may have contract completion dates which fall before, on, or after the contract completion date of the framework agreement, but they</p>	<p>An industry respondent submitted that the guidance means tasks let under a QDC framework agreement, which are not qualifying contracts, but which have completion dates falling after the contract completion date of the framework agreement, will not change the completion date of the agreement. The respondent stated that they thought this might not always be the case and described an arrangement where the framework agreement will continue, and the contract completion date not be determined, until all tasks have completed.</p>	<p>The legislation and guidance will need to be applied to individual contracting arrangements, which can vary significantly from case to case. The situation the respondent describes appears to be different from the example given in the draft guidance. It involves tasks being awarded under a contract, perhaps by amendment to the contract, but not entry into separate, call-off contracts for each task. We can see that a change could result to the contract completion date in such circumstances, depending on whether the contract completion date is determined under regulation 4(1)(a) or (b) and the manner in which the tasks are awarded. We intend to make a minor amendment to the proposed guidance to clarify the nature of the framework agreement used in the example used.</p>	<p>Paragraph 3.49 The contract completion date is determined on a contract-by-contract basis, and not by reference to other contracts which may be linked or subject to it. For example, a QDC may contain a date which is described as the contract completion date. This would be the contract completion date of the QDC in accordance with regulation 4(1)(a). A QSC, which is let under that QDC, may have a contract completion date which is determined under regulation 4(1)(b). In that situation the contract completion date of the QSC may fall before, on, or even after the contract completion date of the QDC. Similarly, a framework agreement may have a contract completion date determined by regulation 4(1)(a) and provide for separate, call-off contracts to be awarded under the framework. The contract completion dates of those call-off contracts may fall before, on, or</p>

Reporting guidance update: Summary of changes and response to consultation

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will not change the contract completion date of the framework agreement.			after the contract completion date of the framework agreement without changing the contract completion date of the framework agreement.
<p>Paragraph 1.18</p> <p>The contract completion date may change in the following circumstances:</p> <ul style="list-style-type: none"> • The contract completion date is described in the contract and the parties amend the contract to change the described date. • The contractor’s prediction of when it will complete all obligations entitling it to final payment under the contract changes due to some change in circumstances. • The contract is terminated in advance of the expected contract completion date. 	No responses made.	N/A	Paragraph 3.50 As proposed in column 1.
<p>Paragraph 1.19</p> <p>The contract completion date is used to establish the due dates of the CCR and CCS. It is also the date following which no further ICRs or QCRs are required. Table 2 summarises the effect of the contract completion date on other reporting requirements.</p>	No responses made.	N/A	Paragraph 3.51 As proposed in column 1.

Reporting guidance update: Summary of changes and response to consultation

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<p>Table 2 - Reporting dates established or qualified by the contract completion date</p> <p>26(1)(QCR) QCRs must be provided in respect of contracts with a value of £50m or more for each calendar quarter until the contract completion date.</p> <p>27(2)(a)(ii) and 27(3)(a)(ii) (ICR) Where the parties agree the dates on which ICRs are to be submitted, those dates must fall before the contract completion date.</p> <p>28(1) (CCR) A contractor is required to provide a CCR within six months after the contract completion date.</p> <p>29(1) (CCS) A contractor is required to provide a CCS within twelve months after the contract completion date.</p> <p>30(1) and 30(3) (on-demand reports) The Secretary of State may require by written direction a contractor to provide a CCS for specified periods, each such period ending on a date before the contract completion date. The Secretary of State may require by</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Table 2 As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

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written direction a contractor to provide a CPS, CRP, ICR and CCS, each such direction being made before the contract completion date.			
<p>Paragraph 1.20</p> <p>If the contract completion date changes, the contractor must report the correct contract completion date in subsequent contract reports. There will not always be a subsequent QCR or ICR in which such a change can be reported. In part, this will depend on the timing of the change in the contract completion date. It is also relevant that contracts valued below £50 million do not require QCRs and that ICRs may be infrequent, subject to any agreement reached by the parties as to when ICRs will be required.</p>	No responses made.	N/A	<p>Paragraph 3.52</p> <p>As proposed in column 1.</p>
<p>Paragraph 1.21</p> <p>DefCARS will calculate the due dates of reports based on the contract completion date that the contractor has reported in the Contract Reporting Plan (CRP). A changed contract completion date in a QCR or ICR will not update the CRP. If the contract completion date reported in the CRP is no longer accurate, the</p>	No responses made.	N/A	<p>Paragraph 3.53</p> <p>As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

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<p>contractor should consider updating the CRP, otherwise the contractor may receive compliance queries and system prompts for submission of the reports in Table 2. The MOD may direct the submission of an on-demand CRP, to ensure the updated contract completion date and changed reporting requirements are recorded, or the contractor may agree to provide an on-demand CRP without written direction (Regulation 24(2)(c)). DefCARS enables a contractor to submit an additional CRP by selecting On-Demand Report when seeking to add a CIR. Section 9 of this guidance deals with the submission of on-demand reports.</p>			

Guidance on the initial reports

Draft guidance	Summary of stakeholder response	SSRO response	Final guidance
<p>Paragraph 4.2 & 4.3 Contractors must submit a Contract Pricing Statement (CPS), Contract Reporting Plan (CRP) and Contract Notification Report (CNR) within one month of their QDC or QSC being entered into. DefCARS provides for submission of a single Contract Initiation Report (CIR), which covers all the data required in the three statutory reports. Once the CIR has been completed the individual CPS, CRP and CNR can be downloaded. Before completing the CIR contractors should familiarise themselves with Regulations 22 – 25.</p>	<p>An industry respondent said the guidance could be clearer about whether the SSRO means once a report has been submitted rather than when completed, the individual reports can be downloaded. Another industry respondent stated that they did not think it was possible to download each section of the report when submitting the CIR. Their view was that this would help traceability and help to determine which tabs/modules sit within each report as it is not always easy to identify this when starting to complete a report.</p>	<p>The SSRO has amended its guidance to make clearer when reports can be downloaded. When a CPS is downloaded, all the elements of the CIR which relate to the CPS will be shown in white cells and all other elements will be greyed out. Currently, it is not possible to download individual sections of reports in DefCARS. The reporting guidance includes Appendix 3 which shows which pages of the CIR relate to the CPS, CRP and CNR. Contractors have previously indicated that the table is helpful.</p>	<p>Paragraph 4.2 Contractors must submit a Contract Pricing Statement (CPS), Contract Reporting Plan (CRP) and Contract Notification Report (CNR) within one month of their QDC or QSC being entered into. DefCARS provides for submission of a single Contract Initiation Report (CIR), which covers all the data required in the three statutory reports. When a part of the CIR is downloaded, for example the CPS, all the elements of the CIR are downloaded but the relevant parts will be shown in white cells and all other elements will be greyed out. The report does not need to be submitted before whole reports can be downloaded. The reports will display the data entered at the point of the download. Before completing the CIR contractors should familiarise themselves with regulations 22 – 25.</p>
<p>Paragraph 4.4 The Report Home page includes any comments or supporting information which are part of the report and any issues raised against it by the SSRO or the</p>	<p>An industry respondent suggested that the guidance should clarify that on compilation and submission, there will not be any issues, only post submission, if</p>	<p>The SSRO has made a minor change to its guidance to make clear that issues are only raised on reports after submission by the contractor and review by the SSRO or the MOD.</p>	<p>Paragraph 4.3 The Report Home page includes any comments or supporting information which are part of the report and any issues raised against it after submission by the</p>

Reporting guidance update: Summary of changes and response to consultation

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<p>MOD. Further information on this is included at paragraphs 2.22 – 2.26 in the reporting guidance on DefCARS functionality. The page also includes a ‘delete report’ button via which the contractor has the option to delete a draft report before it is submitted, should they wish to start again.</p>	<p>there were any issues raised on the report.</p> <p>Another industry respondent said that they were not clear on how compliance issues rolled over from one report to the next and how notifications about issues worked when there were multiple report submissions. The respondent also suggested that deletion of attached information in reports could operate differently in DefCARS where an attachment supported an earlier submission.</p>	<p>The guidance on DefCARS functionality explains how compliance issues are raised on reports. Paragraph 2.33 of the guidance on DefCARS functionality indicates that a contractor should start a correction report to respond to issues raised by the SSRO or MOD. Notifications are only sent where there is a live outstanding issue on a submission. Any issues raised on a submission cannot be transferred from one submission to another, for example from an S1 submission to an S2 submission. This is in order to maintain an audit trail within the system. The same principle of maintaining an audit trail means that once an attachment has been added to a submission, having been subject to a two-stage approval process, it cannot be subsequently deleted.</p>	<p>contractor and review by the SSRO or the MOD. Further information on this is included at paragraphs 2.22 – 2.26 in the reporting guidance on DefCARS functionality. The page also includes a ‘delete report’ button via which the contractor has the option to delete a draft report before it is submitted, should they wish to start again.</p>
<p>Table 3, Row 3, Column 2 (Company number)</p> <p>The registered number of the legal entity (this can consist of numbers and letters), where relevant. For UK registered companies this will be the number allocated by Companies House.</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Table 5, Row 3, Column 2 (Company number)</p> <p>As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

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<p>Table 3, Row 4, Column 2 (Trading as Name) Include the Trading Name if it is different from the Company Name. If the Trading As Name is the same as the Company Name this should be confirmed by re-entering the name in this field.</p>	<p>An industry respondent identified that the SSRO was using 'Trading Name' and 'Trading as Name' interchangeably and recommended consistency. The respondent also suggested that this field be automatically populated with the same name as the 'Company Name' and then contractors would only amend 'Trading Name' if it was different.</p>	<p>The SSRO's guidance has been amended to be consistent. We will give further consideration to the completion of the 'trading name' field in the future.</p>	<p>Table 5, Row 4, Column 2 (Trading as Name) Include the Trading Name if it is different from the Company Name. If the Trading Name is the same as the Company Name this should be confirmed by re-entering the name in this field.</p>
<p>Table 3, Row 6, Column 2 (SME selection) The contractor should select yes or no to indicate whether the registered company meets the definition of an SME. The Regulations state that an SME has a meaning given in Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium sized enterprises (employ fewer than 250 people and annual turnover of ≤€50 million and/or annual balance sheet total of ≤€43 million). Users should refer to the full definition provided in Commission Recommendation 2003/361/EC.</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Table 5, Row 6, Column 2 (SME selection) As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

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<p>Table 4, Row 2, Column 2 (Date this report is due)</p> <p>The Regulations require the report to contain the date that the report is due. This should be considered in conjunction with the data provided on the Contract page (see Table 5).</p> <p>For initial reports the date that the report is due is one month from the date a new contract was entered into or the date an existing contract was amended and became a QDC or QSC. Further guidance on the date a contract is entered into is provided on page 10. Appendix 1 summarises the deadlines for submission of each of the contract and supplier reports and provides assistance on how these should be calculated.</p>	<p>One industry respondent suggested that ‘the date’ referred to could potentially be clearer if using the terminology ‘date entered into’, so it links better with Table 5.</p> <p>Another industry respondent stated that ‘For initial reports the date that the report is due is one month from the date a new contract was entered or the date an existing contract was amended and became a QDC’. The initial report for an existing contract that was amended and became a QDC should also have a due date that is one month from the date of the amendment and not the date of the amendment itself.</p>	<p>The reference to the date the report is due is correct, as it relates to the requirement in regulation 22(2)(b). Adding the words ‘date entered into’ would change the guidance and its meaning.</p> <p>We accept there is an ambiguity in the drafting of the proposed guidance, which could be read as suggesting that the initial reports are due on the date an existing contract was amended and became a QDC or QSC rather than one month from that date. We have amended the guidance to remove this ambiguity.</p>	<p>Table 6, Row 2, Column 2 (Date this report is due)</p> <p>The Regulations require the report to contain the date that the report is due. This should be considered in conjunction with the data provided on the Contract page (see Table 5).</p> <p>For initial reports the date that the report is due is one month from the date a new contract was entered into or one month from the date an existing contract was amended and became a QDC or QSC. Further guidance on the date a contract is entered into is provided on page 10. Appendix 1 summarises the deadlines for submission of each of the contract and supplier reports and provides assistance on how these should be calculated.</p>
<p>Table 4, Row 3, Column 2 (Date this report was submitted to the MOD & SSRO)</p> <p>This field will not be visible when the report is being completed by the contractor, but will be populated by DefCARS when the report has been submitted and visible when the report is viewed after submission.</p>	<p>An industry respondent welcomed this change as it addressed some confusion they had previously experienced.</p>	<p>The SSRO welcomes feedback which identifies where guidance improvements it has made have been beneficial to contractors.</p>	<p>Table 6, Row 3, Column 2 (Date this report was submitted to the MOD & SSRO)</p> <p>As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

Draft guidance	Summary of stakeholder response	SSRO response	Final guidance
<p>Table 4, Row 5, Column 2 (supplier staff – contact for compliance / penalty notice issues)</p> <p>The name, position and contact details of the person who should be contacted if there are any compliance and penalty notices given in relation to the contract to which the report relates (Regulation 22(2)(a)(ii).</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Table 6, Row 5, Column 2 (supplier staff – contact for compliance / penalty notice issues)</p> <p>As proposed in column 1.</p>
<p>Table 5, Row 7, Column 2 (Date contract entered into)</p> <p>Dates in DefCARS can either be typed in using the format indicated or by using the calendar functionality.</p> <p>The contractor should provide:</p> <ul style="list-style-type: none"> • the date a new contract was entered into; or • if an existing contract was amended and became a QDC or QSC, the date that the contract was originally entered into. <p>Further guidance on the date a contract is entered into is provided on page 10.</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Table 7, Row 7, Column 2 (Date contract entered into)</p> <p>As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

Draft guidance	Summary of stakeholder response	SSRO response	Final guidance
<p>Table 5, Row 8, Column 2 (Contract completion date) Enter the contract completion date or, if that date is not known, the expected contract completion date. Contractors should refer to Regulation 4 which sets out the meaning of 'contract completion date'. Further guidance on contract completion date is provided on page 15 of this document.</p>	<p>An industry respondent suggested that the 'further guidance' addition should reference to the specific section of the guidance as opposed to just page 15.</p>	<p>The SSRO has amended its guidance to provide a more specific cross-reference.</p>	<p>Table 7, Row 8, Column 2 (Contract completion date) Enter the contract completion date or, if that date is not known, the expected contract completion date. Contractors should refer to Regulation 4 which sets out the meaning of 'contract completion date'. Further guidance on contract completion date is provided at paragraph 3.32 on page 15 of this document.</p>
<p>Table 5, Row 9, Column 2 (Latest Pricing Amendment – date) The Regulations require that every report contains the date of the most recent pricing amendment which affects the price payable under the contract. In the initial reports, a pricing amendment would not generally be expected. If the contract became a QDC by reason of an amendment, then please provide the date that the contract was amended. If the contract did not become a QDC or QSC by reason of an amendment and there has been no other pricing amendment, this field and the next two fields should be left blank in the initial reports.</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Table 7, Row 9, Column 2 (Latest Pricing Amendment – date). As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

Draft guidance	Summary of stakeholder response	SSRO response	Final guidance
<p>Table 5, Row 10, Column 2 (Latest Pricing Amendment – Contractor Reference ID)</p> <p>Enter the identifying number you have allocated to the pricing amendment. If the contractor has not allocated an identifying number to the amendment, then the contractor should enter 'Not applicable'.</p>	<p>An industry respondent asked if 'N/A' instead of 'Not applicable' would be acceptable.</p>	<p>This would be acceptable, and the guidance has been amended to reflect this.</p>	<p>Table 7, Row 10, Column 2 (Latest Pricing Amendment – Contractor Reference ID)</p> <p>Enter the identifying number you have allocated to the pricing amendment. If the contractor has not allocated an identifying number to the amendment, then the contractor should enter 'Not applicable' or 'N/A'.</p>
<p>Table 5, Row 11, Column 2 (Latest Pricing Amendment – MOD Reference ID)</p> <p>Enter the identifying number the MOD has allocated to the pricing amendment. If the MOD has not allocated an identifying number to the amendment then the contractor should enter 'not applicable' or 'N/A'. This field does not apply for QSCs by amendment.</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Table 7, Row 11, Column 2 (Latest Pricing Amendment – MOD Reference ID).</p> <p>As proposed in column 1.</p>
<p>Table 5, Row 12, Column 2 (Date contract became a QDC/QSC)</p> <p>This will be auto-populated based on the information provided in the Contract Type, Date Contract Entered Into and Latest Pricing Amendment Date fields (see above).</p>	<p>An industry respondent asked why annual profiles were being discussed in this section of the guidance.</p> <p>The MOD asked why the SSRO was referring to QSCs by amendment and submitted that contracts could not become QSCs by amendment.</p>	<p>The annual profiles in DefCARS are determined by the 'date the contract became a QDC/QSC' and the 'contract completion date'. The SSRO therefore considers this to be the appropriate place in the guidance to discuss annual profiles even though they do not appear in the CIR until later pages in DefCARS.</p>	<p>Table 7, Row 12, Column 2 (Date contract became a QDC/QSC)</p> <p>As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

Draft guidance	Summary of stakeholder response	SSRO response	Final guidance
<p>The contractor is required to provide annual profiles of costs and profit in the contract reports. DefCARS will generate the appropriate span of years for the annual profiles based on the date in this field (i.e. the date the contract became a QDC or QSC) and the contract completion date, which is also provided on this page. The profile years are based on government financial years. The first year of each annual profile will be the financial year in which the contract became a QDC or QSC. The last year of each annual profile will be the financial year in which the contract completion date falls. For example, if the contract was entered into on 5 May 2020 and the contract completion date is 30 June 2023, DefCARS will present annual profile years from 2020/21 to 2023/24.</p>		<p>The SSRO considers the legal position is clear regarding the circumstances in which a contract can be amended such that it results in a new contract. We intend to review the reporting guidance relating to how contracts become QSCs which may result in future changes.</p>	
<p>Table 5, Row 13, Column 2 (Total Contract Price)</p> <p>The total contract price should be entered to three decimal places. The term contract price is defined in Regulation 2(1). It is either:</p> <ul style="list-style-type: none"> the price resulting from application of the pricing formula in regulation 10 	<p>An industry respondent suggested that the clarification relating to VAT could be simplified by saying "Total Contract price should be entered to 3 decimal places and stated without the addition of output VAT".</p>	<p>The SSRO welcomes the suggestion from the respondent but considers that the proposed version is sufficiently clear.</p>	<p>Table 7, Row 13, Column 2 (Total Contract Price)</p> <p>As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

Draft guidance	Summary of stakeholder response	SSRO response	Final guidance
<p>((Allowable Costs x Contract Profit Rate) + Allowable Costs); or</p> <ul style="list-style-type: none"> if there have been one or more pricing amendments, then the total contract price will be the most recent amended price, i.e. the price last determined by applying regulation 14 and the Schedule to the Regulations. <p>The pricing formula does not provide for the addition of Value Added Tax (VAT). Output VAT should not be added to a price determined by application of the formula.</p>			
<p>Table 5, Row 14, Column 2 (Total Price Committed to Pay)</p> <p>The price the contracting authority is committed to paying is the price that the contracting authority is contractually bound to pay. This amount may be the same as the contract price. The amount that the contracting authority is contractually bound to pay will depend on the terms of the contract and how the pricing mechanism operates. There may be contracts in respect of which some or all of the contract price only becomes committed upon some action or election by the</p>	<p>An industry respondent stated that they remain confused as to how the total contract price and the total price committed to pay could be different and questioned why both needed to be reported. They also said that they were concerned that stating in the Total Price Committed to Pay that it may not include things such as options not exercised could further confuse what should or shouldn't be included in the contract price field.</p>	<p>The requirement to report the price the contracting authority is committed to pay was introduced into the legislation in September 2019. Industry respondents have said that they find it difficult to see how the total contract price and the price the contracting authority is committed to pay could be different. An example of where the contract price may be different from the price the contracting authority is committed to pay is a contract priced using the target pricing method, where the target price is the contract price but the total price payable depends on a</p>	<p>Table 7, Row 14, Column 2 (Total Price Committed to Pay)</p> <p>The price the contracting authority is committed to paying is the price that the contracting authority is contractually bound to pay. This amount may be the same as the contract price. The amount that the contracting authority is contractually bound to pay will depend on the terms of the contract and how the pricing mechanism operates. However, there may be some contracts in respect of which some or all of the contract price only becomes committed upon some action or</p>

Reporting guidance update: Summary of changes and response to consultation

Draft guidance	Summary of stakeholder response	SSRO response	Final guidance
<p>contracting authority. Examples of where the contracting authority may not be committed when the contract is entered into include:</p> <ul style="list-style-type: none"> • an option price that the contracting authority does not become bound to pay until the option is exercised. • a volume-driven price in which the unit price is known but the contracting authority is under no obligation to purchase any specific volume of units. <p>These examples are not exhaustive and the contractor should consider taking legal advice to understand what the contracting authority is committed to pay.</p>	<p>The MOD confirmed that it is content with the SSRO's definition of this term.</p>	<p>comparison between the contractor's estimated and actual costs, an agreed share line and any maximum price. In that instance the price the contracting authority is committed to pay may be indeterminate in amount until the contract is completed. Contractors will need to make an assessment to identify the price the contracting authority is contractually bound to pay under the contract and may need to discuss this with the contracting authority. We have amended the guidance to address the possibility that the price the contracting authority is committed to pay is indeterminate in amount. We will continue to give consideration to specific examples where it may be difficult to determine the price committed to pay and may give further guidance in this area in due course.</p>	<p>election by the contracting authority. Examples of where the contracting authority may not be committed when the contract is entered into include:</p> <ul style="list-style-type: none"> • an option price that the contracting authority does not become bound to pay until the option is exercised. • a volume-driven price in which the unit price is known but the contracting authority is under no obligation to purchase any specific volume of units. <p>These examples are not exhaustive and the contractor should consider taking legal advice to understand what the contracting authority is committed to pay. If the amount the contracting authority is committed to pay is indeterminate in amount, the contractor should discuss with the MOD the appropriate amount to report and it may be appropriate in such circumstances to report the same amount as the contract price.</p>

Reporting guidance update: Summary of changes and response to consultation

Draft guidance	Summary of stakeholder response	SSRO response	Final guidance
<p>General comment which does not relate to a specific part of the proposed guidance.</p>	<p>One industry respondent said that there was no mention about quarterly contract reports in the guidance. They considered that more clarity was required to inform the contractor that the value assessment to determine if QCRs are required takes place at the date the contract is entered into.</p>	<p>Table 6 does include guidance to help the contractor determine if Quarterly Contract Reports are required. The wording in the column to the right which is currently included in Chapter 5 on Quarterly Contract Reports will be added to row 3 in Table 6 (reporting plan data input) which considers whether a contractor is required to submit quarterly contract reports to address the respondent's comment.</p>	<p>The question of whether QCRs are required is based on the Regulation 5 assessment. If the value for threshold purposes is below £50 million, then QCRs will not be required for the contract, even if the contract value increases to £50 million or more during delivery of the contract, for example due to pricing amendments.</p>
<p>Paragraph 4.10 The Regulations require contractors to set out the dates of reports required to be submitted in relation to the contract. The data entered here will be carried into the reporting calendar on the contractor's home page. Further details about how the reporting calendar operates are included in the guidance on DefCARS functionality. Section 9 of this guidance provides assistance on how to submit on-demand CRPs.</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Paragraph 4.9. As proposed in column 1.</p>
<p>Table 6, Row 4, Column 2 (Are there agreed ICR reporting dates within the contract?) The contractor should confirm (by selecting Yes/No) whether they have agreed ICR reporting dates</p>	<p>An industry respondent that this guidance was duplicative of the section which follows it. They indicated that this field is a simple yes or no as to whether there have been dates agreed. The section below it deals with what</p>	<p>The SSRO agrees that there is unnecessary duplication in Table 6. This is being addressed by leaving the wording in row 4, column 2 of Table 6 but amending</p>	<p>The guidance as proposed in column 1 will remain unchanged but Row 7, Column 2 of Table 8 will be simplified as follows: If the contractor confirmed that there were agreed ICR dates then</p>

Reporting guidance update: Summary of changes and response to consultation

Draft guidance	Summary of stakeholder response	SSRO response	Final guidance
<p>with the contracting authority. If there is agreement, contractors should enter the due dates agreed in the ICR report section of the Reporting Plan. If there is no agreement, DefCARS will auto-populate the relevant due dates and submission dates based on the default dates prescribed in the Regulations. Table 24 in the ICR section of this guidance explains how ICR due dates are calculated.</p> <p>Table 6, Row 7, Column 2 (ICR) Where there is no agreement between the parties, DefCARS will calculate ICR dates based on the date the contract was entered into, contract completion date and the contract price. Where there is agreement, the contractor must add all relevant dates. Due dates will be automatically displayed by DefCARS (i.e. within two months of each reporting date entered). Extra rows can be added by clicking on the blue cross. If there are any additional on-demand ICRs to report at this stage, the ICR fields can be used to add these. Contractors can provide an explanatory comment to clearly set out which dates relate to the on-demand reports.</p>	<p>contractors should do if they selected 'Yes' and what will happen if they selected 'No'.</p>	<p>the text included in row 7, column 2 of Table 6.</p>	<p>they should identify the reporting dates. The reporting dates will be auto-populated by DefCARS if the contractor has not agreed these dates. Extra rows can be added by clicking on the blue cross. If there are any additional on-demand ICRs to report at this stage, the ICR fields can be used to add these. Please provide an explanatory comment to clearly set out which dates relate to the on-demand reports.</p>

Reporting guidance update: Summary of changes and response to consultation

Draft guidance	Summary of stakeholder response	SSRO response	Final guidance
<p>Table 6, Row 9, Column 1 (On-demand contract reports)</p> <p>On-Demand Contract Reports:</p> <ul style="list-style-type: none"> • Contract Reporting Plan (CRP) • Contract Pricing Statement (CPS) • Interim Contract Report (ICR) • Contract Costs Statement (CCS). 	<p>No responses made.</p>	<p>N/A</p>	<p>Table 8, Row 9, Column 1 (On-demand contract reports)</p> <p>As proposed in column 1.</p>
<p>Table 6, Row 9, Column 2 (On-demand contract reports)</p> <p>DefCARS enables reporting dates to be entered where the contractor has agreed to provide or has received written direction from the Secretary of State to provide, on-demand contract reports. Appendix 1 identifies the relationship between reporting dates for on-demand reports and due dates. DefCARS auto-populates the due date for an on-demand report when the reporting date has been entered.</p>	<p>An industry respondent asked if it was clear to users what should be done if a CIR has already been submitted and later on an on-demand ICR is requested by the Secretary of State.</p> <p>Another industry respondent said that on the reporting plan page, dates can be entered for when reports are due. DefCARS will then generate due dates for submission. The respondent requested that these dates should have the ability to be overwritten as dates may be agreed with the MoD that are different. It was suggested that the MoD sometimes request a number of reports requiring submission on the same date.</p>	<p>The SSRO has added a cross reference to Chapter 9 of the contract report guidance which explains how to submit on-demand reports in more detail. The guidance explains how dates for on-demand reports agreed between the MOD and the contractor can be reflected in the Contract Reporting Plan. If the contractor believes the auto-populated reporting plan to be incorrect, then comments can be made in the comments field at the bottom of this page to provide the dates that it believes apply instead. The system calculates due dates based on legislative requirements, assuming that there has not been a due date agreement between the contractor and the MOD. These dates cannot be overwritten within the reporting plan. The SSRO,</p>	<p>Table 8, Row 9, Column 2 (On-demand contract reports)</p> <p>DefCARS enables reporting dates to be entered where the contractor has agreed to provide or has received written direction from the Secretary of State to provide, on-demand contract reports. Appendix 1 identifies the relationship between reporting dates for on-demand reports and due dates. Chapter 9 of this guidance provides information on how to submit an on-demand Reporting Plan to reflect any new on-demand reports which are required after the initial reports have been submitted. DefCARS auto-populates the due date for an on-demand report when the reporting date has been entered assuming that there has not been a due date agreement between the contractor and the MOD.</p>

Reporting guidance update: Summary of changes and response to consultation

Draft guidance	Summary of stakeholder response	SSRO response	Final guidance
<p>Any on-demand ICRs should be entered in the ICR section of this page. Contractors can enter dates for on-demand CRPs, CPSs and CCSs here. Extra rows can be added by clicking on the blue cross. The fields can be left blank if there are no On-Demand Contract Reports to report at this stage. If applicable, it would be helpful to provide a supporting comment to that effect.</p>		<p>however, considers that contractors should have the ability to overwrite these dates where there is agreement with the MOD for a different due date. The ability to overwrite these cells will be considered alongside the SSRO's other reporting issues development priorities.</p>	<p>Any on-demand ICRs should be entered in the ICR section of this page. Contractors can enter dates for on-demand CRPs, CPSs and CCSs here. Extra rows can be added by clicking on the blue cross. The fields can be left blank if there are no On-Demand Contract Reports to report at this stage. If applicable, it would be helpful to provide a supporting comment to that effect.</p>
<p>Table 7, Row 5, Column 2 (Profit, reporting Risk Contingency in Allowable Costs) Confirm the element of total Allowable Costs which is risk contingency in £ millions and to three decimal places. If no risk contingency has been priced into Allowable Costs, zero should be entered to confirm this. Section H of the SSRO's guidance on Allowable Costs deals with costs affected by risk and uncertainty and defines risk contingency. The contractor may provide supporting comments and explanation here to help the SSRO and the MOD understand the quantum of risk contingency, but there are later CIR pages that ask the contractor to provide the</p>	<p>One industry respondent was unsure why the SSRO were asking for information on risk in this part of the report and in a later part as well.</p>	<p>The Risk Contingency element of the Allowable Costs is collected in the Profit page and the Summary Analysis of Price page within the CIR. In order to meet the Regulation 25(2)(c)(i) requirement the contractor must annually profile the Risk Contingency included within the Allowable Costs which are taken into account in determining the contract price. For this reason, it is relevant for the purposes of both pages. The SSRO will give consideration to whether the data field on the profit page should be removed at a later date, but the guidance will remain unchanged in the meantime.</p>	<p>Table 9, Row 5, Column 2 (Profit, reporting Risk Contingency in Allowable Costs) As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

Draft guidance	Summary of stakeholder response	SSRO response	Final guidance
required information relating to risk contingency.			
<p>Paragraph 4.14</p> <p>The following data entry relates to the calculation of the contract profit rate. Regulation 23(2)(d) sets out that the contractor must “describe the calculation that was made under Regulation 11 to determine the contract profit rate, including all adjustments that were made under steps 1 to 6”. Contractors should supplement the data fields below with further information (via the expandable Comments, Issues and Supporting Information pop-up window) about how each profit rate adjustment was determined, including calculations and explanation, to meet the reporting requirement.</p>	No responses made.	N/A	<p>Paragraph 4.13</p> <p>As proposed in column 1.</p>
<p>Table 8, Row 5, Column 2 (SSRO funding adjustment)</p> <p>State the SSRO funding adjustment to deduct from the amount resulting from Step 3. This should be the rate approved by the Secretary of State in force at the time of entering into the contract. The funding adjustment should be entered as a negative figure.</p>	An industry respondent asked if the SSRO funding adjustment would always be negative.	Section 17(2) of the Defence Reform Act states that the SSRO funding adjustment must always be a deduction for the purposes of calculating each contract profit rate.	<p>Table 10, Row 5, Column 2 (SSRO funding adjustment)</p> <p>As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

Draft guidance	Summary of stakeholder response	SSRO response	Final guidance
<p>Table 8 (Capital Servicing Adjustment) General comment which does not relate to a specific part of the proposed guidance.</p>	<p>An industry correspondent said that the Capital Servicing Adjustment is currently calculated on DefCARS to more than two decimal places and asked if this could be restricted to two decimal places in line with figures agreed with the MoD. The respondent noted that the contractor can overwrite the Capital Servicing Adjustment in DefCARS to achieve this.</p>	<p>The SSRO currently has no plans to amend the Capital Servicing Adjustment calculation in DefCARS. However, the SSRO is considering whether to implement a tolerance within the validation rule which compares the Capital Servicing Adjustment % and the amount resulting from the CSA Calculator on the Profit page.</p>	<p>As proposed in column 1.</p>
<p>Paragraph 4.16 The CSA calculation requires input of three pieces of data that are expected to be held by the prime contractor and their group sub-contractors and not the MOD – the fixed capital, working capital and cost of production. The calculation also requires contractors to select relevant fixed capital and working capital rates. These are determined and published by the Secretary of State. The current rates, and those for prior years, can be found on the profit rate page of the SSRO website.</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Paragraph 4.15 As proposed in column 1.</p>
<p>Table 9, row 2, column 2 (reporting period to which these costs relate)</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Table 11, row 2, column 2 (reporting period to which these costs relate) As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

Draft guidance	Summary of stakeholder response	SSRO response	Final guidance
<p>Input field. This is the financial reporting period (annual) which the figures entered below relate to. The drop-down menu provides a list of historic government financial years as well as an 'Other' option. The contractor should use the "other" option if its accounting period is not aligned with the government's financial year. If the contractor uses the "other" option it should use the supporting comments functionality to provide the financial reporting period to which the costs relate.</p>			
<p>Defined Pricing Structure General comment which does not relate to a specific part of the proposed guidance.</p>	<p>An industry respondent said that they continue to question the value gained from the Defined Pricing Structure. They supported a requirement that limited the DPS reporting obligation to Contract Initiation and Contract Completion reports and any other required DPS reporting would then be on the basis of requesting an 'On-Demand' report.</p>	<p>The SSRO has confirmed its current views on Defined Pricing Structure reporting in its Review of Legislation proposals which were published in June 2020.</p>	<p>As proposed in column 1.</p>
<p>Paragraph 4.18 The contractor must confirm which of the six regulated pricing methods (this can be one or many) apply to the contract. The contractor should input the price resulting from each method in £ millions to three decimal places</p>	<p>No responses made.</p>	<p>The SSRO has amended the CIR guidance on pricing method breakdown to clarify the regulatory requirements.</p>	<p>Paragraph 4.17 The contractor is required by regulation 22(2)(k) to provide the regulated pricing method or methods used to determine the price payable under the contract and, if known, the amount of the price resulting from each method.</p>

Reporting guidance update: Summary of changes and response to consultation

Draft guidance	Summary of stakeholder response	SSRO response	Final guidance
<p>where this allocation is known. DefCARS undertakes a validation to flag to contractors where the price does not match the contract price reported earlier on the Contract Page. The contractor can provide any relevant comments about the pricing method(s) used on the contract.</p>			<p>DefCARS lists the six regulated pricing methods and provides fields in which the contractor should record the amount of the contract price from each pricing method that is used in the contract, if it is known. If a pricing method is used in the contract but the amount of the price associated with that pricing method is unknown, this should be explained in the 'comments on pricing analysis' field and the contractor should identify the pricing method by entering zero in the relevant field. DefCARS includes a field in which the breakdown of the contract price reported on this page is totalled. The contractor should ensure that the total price reported on this page is the same as the price reported on the Contract page. DefCARS undertakes a validation flag to contractors where the price does not match the contract price reported earlier on the Contract Page. The contractor should input all figures on this page in £ millions to three decimal places. The contractor can provide any relevant comments about the pricing method(s) used on the contract.</p>

Reporting guidance update: Summary of changes and response to consultation

Draft guidance	Summary of stakeholder response	SSRO response	Final guidance
<p>Paragraph 4.20</p> <p>The contractor is required to specify in the CRP the Defined Pricing Structure (DPS) that will be used to split costs in the CNR, ICRs and the CCR. This page enables the contractor to describe the DPS that will be used. The following paragraphs provide further guidance on the DPS.</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Paragraph 4.18</p> <p>As proposed in column 1.</p>
<p>Paragraph 4.40 (DPS Input Values)</p> <p>The contractor is required to report in the CNR the following:</p> <ul style="list-style-type: none"> • an annual profile of any estimated costs (split by the DPS) at the initial reporting date; and • the total amount of those Allowable Costs (split by the DPS) that are non-recurring. <p>This page enables contractors to provide the annual profile and the total amount of any non-recurring costs.</p>	<p>An industry respondent asked why non-recurring expenditure had not been defined. This had previously been requested at a meeting of the SSRO's Reporting and IT sub-group.</p>	<p>The SSRO has already logged this as a reporting issue to be addressed but considers that this definition would require consultation with stakeholders and has not yet been programmed for development.</p>	<p>Paragraph 4.37</p> <p>As proposed in column 1.</p>
<p>Paragraph 4.45 (Summary Analysis of Price)</p> <p>The contractor is required to report in the CNR the following:</p> <ul style="list-style-type: none"> • an annual profile (or, if the contractor is of the view 	<p>An industry respondent suggested that the sentence "Any total amounts which are being reported should be included in the 'not profiled' column" did not make sense as it inferred that total</p>	<p>The SSRO agrees with the respondent's proposal and has made this change to its guidance.</p>	<p>Paragraph 4.42</p> <p>The contractor is required to report in the CNR the following:</p> <ul style="list-style-type: none"> • an annual profile (or, if the contractor is of the view that it is not possible to

Reporting guidance update: Summary of changes and response to consultation

Draft guidance	Summary of stakeholder response	SSRO response	Final guidance
<p>that it is not possible to express these matters in an annual profile, the total amount) of:</p> <ul style="list-style-type: none"> - any risk contingency element in the Allowable Costs; - planned amounts of profit, excluding any incentive adjustment; and - the maximum amount of profit resulting from an incentive adjustment. <p>This page enables the contractor to provide this profile for risk contingency and profit. Any total amounts which are being reported should be included in the 'not profiled' column. The guidance in Table 11 assumes that an annual profile can be reported. As this is the beginning of the contract the cost status flags will all show as Priced Estimate.</p>	<p>amounts need to be entered in the "not profiled" column.</p> <p>The respondent suggested that the correct guidance was that any amounts that cannot be profiled, should be included in the 'not profiled' column to ensure the total amount is correctly reported.</p>		<p>express these matters in an annual profile, the total amount) of:</p> <ul style="list-style-type: none"> - any risk contingency element in the Allowable Costs; - planned amounts of profit, excluding any incentive adjustment; and - the maximum amount of profit resulting from an incentive adjustment. <p>This page enables the contractor to provide this profile for risk contingency and profit. Any amounts that cannot be profiled, should be included in the 'not profiled' column. The guidance in Table 11 assumes that an annual profile can be reported. As this is the beginning of the contract the cost status flags will all show as Priced Estimate.</p>
<p>Table 11, Row 4, Column 2 (subtotal cost)</p> <p>Calculated by DefCARS. Contractors should check that the subtotals for each year and row are correct and the row totals reflect the total Allowable Costs.</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Table 13, Row 4, Column 2 (subtotal cost)</p> <p>As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

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<p>Table 11, Row 5, Column 2 (Profit excluding incentive adjustment)</p> <p>The contractor should provide the annual profile of profit (excluding the amount due to any Step 5 incentive adjustment) within the contract price. The total and the percentage of total profit excluding any incentive adjustment will be calculated by DefCARS. The profile can be entered by selecting the green icon (see Exhibit 2) and deleted by selecting the red icon. This should be entered in £ millions to three decimal places.</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Table 13, Row 5, Column 2 (Profit excluding incentive adjustment)</p> <p>As proposed in column 1.</p>
<p>Table 11, Row 7, Column 2 (Maximum profit arising from incentive adjustment)</p> <p>The contractor should provide the annual profile of maximum profit that could arise due to any Step 5 incentive adjustment within the contract price. The total and the percentage of total profit that may arise from Step 5 will be calculated by DefCARS. The profile can be entered by selecting the green icon (see Exhibit 2) and deleted by selecting the red icon. This should be entered in £ millions to three decimal places. Contractors should check that this value plus profit (excluding</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Table 13, Row 7, Column 2 (Maximum profit arising from incentive adjustment)</p> <p>As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

Draft guidance	Summary of stakeholder response	SSRO response	Final guidance
incentive adjustment) sums to the overall contract profit entered on the Profit Page.			
<p>Paragraph 4.46</p> <p>This page enables contractors to list and profile the cost recovery bases used, or expected to be used in determining the contract price. Contractors are asked to provide a detailed breakdown of cost recovery rates, to support the reporting requirement to provide the contractor's facts, assumptions and calculations relevant to each element of Allowable Costs.</p>	<p>An industry respondent stated that the SSRO had indicated that it was going to add clarification of what was meant by the cost recovery base when choosing labour, overhead or labour and overhead.</p>	<p>Paragraph 4.47 of the contract report guidance already explains what a cost recovery base and a cost recovery rate are and so no change to the wording consulted on for paragraph 4.46 will be made.</p>	<p>Paragraph 4.43</p> <p>As proposed in column 1.</p>
<p>Paragraph 4.48 Deletion of paragraph</p> <p>If relevant supporting information on the composition of rates has been provided via a previously submitted supplier report, the contractor may reference this. However, the contractor has an obligation under this report and therefore must consider whether the supplier report submission is sufficient to meet the obligation under Regulation 23(2)(e) to supply its facts, assumptions and calculations relevant to each element of the Allowable Costs. Any reference to a supplier report must be sufficient that the SSRO</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Deleted as proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

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<p>or MOD reader may easily identify the supplier report and clearly understand how it reconciles to the data provided in the contract report.</p>			
<p>Table 12 – Row 5, Column 2 (type of cost recovery rate) The rate can be described as Labour, Labour and Overhead, Overhead or Other. If Other is used, please attach a supporting comment to define the cost recovery rate. Note that costs for ‘Other’ cost recovery rate type on the Cost Recovery rates page do not flow through to the Cost Breakdown page.</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Table 14 – Row 5, Column 2 (type of cost recovery rate) As proposed in column 1.</p>
<p>Table 12 – Row 9, Column 2 (Rate £ or %) Add the cost recovery rate in GBP or Percent (as per the rate type selected). For those recovery bases that have Percent selected as the rate type, recovery volumes should be in a cash amount. Please note that GBP values entered here are in £s whereas elsewhere in the report values are likely to be in units of £ million</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Table 14 – Row 9, Column 2 (Rate £ or %) As proposed in column 1.</p>
<p>Table 12 – Row 11, Column 2 (rate agreed by the MOD?)</p>	<p>An industry respondent said that there was some ambiguity in the terminology being used when</p>	<p>The SSRO is undertaking a multi-year project to look at overheads. This will include reviewing the</p>	<p>Table 14 – Row 11, Column 2 (rate agreed by the MOD?)</p>

Reporting guidance update: Summary of changes and response to consultation

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<p>DefCARS presents the contractor with a choice between “final” and “provisional”. If the MOD has agreed the rate, then the contractor should select final. Otherwise, provisional should be selected.</p>	<p>DefCARS provides the contractor with a choice between ‘final’ and ‘provisional’.</p> <p>In reality the respondent stated that there were potentially three categories that the rates can be categorised as:</p> <ul style="list-style-type: none"> • Provisional – these are not agreed, but will be the subject to further review and potential change before agreeing. • Approved Estimate – agreed estimate (but not final) and signed off/promulgated by MOD to be used in pricing. • Approved Actual – the final rate that will be used in the QDC reporting to true up the approved estimates for contract completion statements and final price adjustments. <p>The same respondent also said that in the context of the use of provisional pricing they had previously raised concerns about a potential inequitable situation that could arise when replacing provisional pricing under Regulation 14 and the new Schedule. If contractors were to continue with the concept of</p>	<p>extent to which the SSRO’s reporting guidance is effective in supporting contractors to adequately report on overhead cost recovery rates. Contractors will be invited to participate in the review of overheads and any changes to DefCARS will be considered during the final stages of the project.</p>	<p>As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

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	<p>provisional pricing to expedite the delivery of contract, a change to the regulatory framework would be required to include provisional pricing as a pricing type. Additionally in the Schedule of the Regulations, the respondent said that the relevant Contract Profit Rate should only be applied to the differential between the provisional price and amended price.</p>		
<p>Table 12, Row 14, Column 1 & 2 (cost recovery rates) DefCARS will automatically calculate totals for data entered on this page. Contractors should check there are no errors in the data entered and the calculated totals may assist with this.</p>	<p>An industry respondent asked if it was clear what to do in the event of an error in the auto-calculated totals in DefCARS. The same respondent also asked if it was possible to have a mix of final and provisional rates when you have a multi-year contract.</p>	<p>The SSRO has not had any instances of a contractor identifying concerns with how DefCARS auto-calculates figures. If the issue arises, the contractor should contact the SSRO's helpdesk so that it can be investigated.</p> <p>There are data status flags within the cost recovery rates which allow the contractor to report whether rates are final actual, provisional actual, actual and forecast or forecast.</p>	<p>Table 14, Row 14, Column 1 & 2 (cost recovery rates) As proposed in column 1.</p>
<p>Table 12, Row 16, Column 1 & 2 (Total cost from each recovery rates) The total cost for each recovery rate is calculated by multiplying the recovery base volumes by the recovery rate in each year and any that are not profiled annually.</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Table 14, Row 16, Column 1 & 2 (Total cost from each recovery rates) As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

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<p>At the bottom of the page the total cost from all cost recovery rates is shown. The total figure is also split by labour and overheads.</p>			
<p>Paragraph 4.50 Contractors are asked to provide a high-level breakdown of the total estimated Allowable Costs into categories, setting out the proportion of costs relating to labour, overheads, materials, sub-contracts and risk. Contractors will have to exercise judgement about whether costs are categorised as materials or sub-contracts, as provision of materials may be sub-contracted to another supplier. Contractors should check that the costs of subcontracts reported on this page are consistent with the price attributable to sub-contracts provided on the sub-contracts page</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Paragraph 4.46 As proposed in column 1.</p>
<p>Table 13, Row 2, Column 2 (Labour from rates) DefCARS will auto-populate this field based on the data provided on the Cost Recovery Rates page in relation to 'Labour' rates and 'Labour and Overheads' rates. The figure shown will be the result of individual rates times volume by year and the individual rate type. The contractor may also</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Table 15, Row 2, Column 2 (Labour from rates) As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

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<p>wish to reconsider the inputs on the Cost Recovery page if the value populated here is not as expected. The contractor may overwrite the value shown if it is not reflective of labour costs recovered through a cost recovery rate and provide a supporting comment to explain why there is a difference.</p>			
<p>Table 13, Row 4, Column 2 (Overhead from rates) DefCARS will auto-populate this field based on the data provided on the Cost Recovery Rates page in relation to 'Overheads' rates and 'Labour and Overheads' rates. The figure shown will be the result of individual rates times volume by year and the individual rate type. The contractor may also wish to reconsider the inputs on the Cost Recovery page if the value populated here is not as expected. The contractor may overwrite the value shown if it is not reflective of labour costs recovered through a cost recovery rate and provide a supporting comment to explain why there is a difference.</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Table 15, Row 4, Column 2 (Overhead from rates) As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

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<p>Table 13, Row 7, Column 2 (sub-contracts)</p> <p>Input field for the contractor to reflect the element of Allowable Costs which relates to costs which have been sub-contracted either to another group company or another contractor. Some sub-contracts may be for the supply of materials so the contractor will need to decide whether this category or the previous one is most appropriate.</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Table 15, Row 7, Column 2 (sub-contracts)</p> <p>As proposed in column 1.</p>
<p>Table 13, Row 8, Column 2 (risk contingency element)</p> <p>DefCARS will auto-populate this field using the 'Total Risk Contingency included in Allowable Costs' field on the Profit page. The field can be edited on the Profit page, following which the change will be reflected here.</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Table 15, Row 8, Column 2 (risk contingency element)</p> <p>As proposed in column 1.</p>
<p>Table 14, Row 2, Column 2 (Allowable cost assumptions)</p> <p>The contractor is asked to confirm if there are assumptions relevant to the calculation of Allowable Costs, excluding inflation and exchange rate assumptions which are captured in specific pages within the report. When Yes is selected, the contractor should provide data in the fields below.</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Table 16, Row 2, Column 2 (Allowable cost assumptions)</p> <p>As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

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<p>Selecting No will conceal the data entry fields that are described in the rest of this table.</p>			
<p>Table 14, Row 3, Column 2 (Information category) The contractor should select one of the four categories listed above. Depending on which is selected, the following fields will be greyed out where no data entry is required. For example, if an assumption category is selected then the fields asking for information on calculations will be greyed out.</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Table 16, Row 3, Column 2 (Information category) As proposed in column 1.</p>
<p>Paragraph 4.62 Contractors must provide a description of actual or intended sub-contracts which the primary contractor has entered into, or intends to enter into, for the purpose of enabling it to perform its obligations under the QDC or QSC. There may be scenarios where a contractor does not yet know there will be sub-contracts when they submit their initial set of reports. If full information is not known at this time, partial information can be provided and updated through later reports. A sub-contract may enable the performance of more than one contract and may enable both</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Paragraph 4.58 As proposed in column 1.</p>

Reporting guidance update: Summary of changes and response to consultation

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<p>qualifying and non-qualifying contracts, in which case it should be reported in respect of each QDC or QSC that it enables.</p>			
<p>Table 17, Row 5, Column 2 (Associated group co.) The primary contractor should declare if the subcontractor is associated with them by entering a Yes in the data field.</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Table 19, Row 5, Column 2 (Associated group co.) As proposed in column 1.</p>
<p>Paragraph 4.65 The significant individual MOD payments (those exceeding £100,000 or 1 per cent of the contract price, whichever is greater) and annual profiles can be added using the green cross icon. The information required is described in Table 18.</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Paragraph 4.61 As proposed in column 1.</p>
<p>Table 18, Row 2, Column 2 (Payments data input) List of significant individual MOD payments</p>	<p>No responses made.</p>	<p>N/A</p>	<p>Table 20, Row 2, Column 2 (Payments data input) As proposed in column 1. Consequential changes also made to Tables 30 and 35, Row 2, Column 2 (Payments data input)</p>